

Message Text

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TO USMISSION OECD PARIS

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AMEMBASSY TOKYO

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TAGS:ETRD, OECD, AS

SUBJECT:OECD TRADE PLEDGE AND AUSTRALIAN RESTRICTIONS

REF: (A) OECD 3454, (B) STATE 23347, (C) STATE 001803

1. IF VAN LENNEP PRESSES FOR OECD COUNCIL DISCUSSION OF
AUSTRALIAN QUOTAS ON AUTO IMPORTS AS VIOLATION OF OECD
TRADE PLEDGE, MISSION SHOULD DRAW ON REFS (B AND C) AND
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FOLLOWING FOR GUIDANCE.

2. USG IS SERIOUSLY CONCERNED OVER POTENTIAL DESTABILIZING EFFECT OF USE OF IMPORT RESTRICTIONS FOR GENERAL DOMESTIC UNEMPLOYMENT PURPOSES AT A TIME OF WORLDWIDE INFLATION AND RISING UNEMPLOYMENT. WE HAVE ALREADY EXPRESSED THIS CONCERN BILATERALLY TO AUSTRALIA WITH REGARD TO AUSTRALIAN TARIFF QUOTAS ANNOUNCED IN DECEMBER ON TEXTILE IMPORTS AND INDICATIONS THAT SIMILAR MEASURES ARE ALSO UNDER CONSIDERATION FOR A WIDE RANGE OF OTHER CONSUMER PRODUCTS (REF C). WE BELIEVE THAT SERIES OF ACTIONS OF THIS NATURE COULD CONSTITUTE A VIOLATION OF THE SPIRIT OF THE OECD TRADE PLEDGE AND WOULD SUPPORT URGING AUSTRALIA NOT TO TAKE FURTHER IMPORT RESTRICTIVE MEASURES FOR BROAD UNEMPLOYMENT REASONS.

3. WITH REGARD TO AUTO RESTRICTIONS, WE SHARE MISSION'S VIEWS THAT FORMAL INVOCATION OF PLEDGE RE AUSTRALIAN AUTO RESTRICTIONS WOULD RAISE SENSITIVE ISSUE OF RELATIONSHIP RESTRICTIONS WOULD RAISE SENSITIVE ISSUE OF RELATIONSHIP OF PLEDGE OBLIGATION TO SAFEGUARD ACTIONS UNDER GATT XIX

WHICH, IF APPROACHED IN MANNER SUGGESTED BY VAN LENNEP COULD BE COUNTER-PRODUCTIVE TO EFFORTS RENEW AND STRENGTHEN PLEDGE. AS MISSION NO DOUBT AWARE, U.S. WAS AMONG COUNTRIES WHICH SUPPORTED CONTINUED RIGHT OF COUNTRIES TO RESORT TO LEGITIMATE SECTORAL SAFEGUARD ACTIONS UNDER GATT ARTICLE XIX AT TIME PLEDGE UNDER NEGOTIATION. IN ADDITION, U.S. HAS CONSISTENTLY MAINTAINED THAT EACH COUNTRY HAS RIGHT ITSELF DETERMINE WHAT IS OR IS NOT JUSTIFIABLE ARTICLE XIX ACTION AND GAVE ASSURANCES DURING CONGRESSIONAL CONSULTATIONS ON PLEDGE THAT PLEDGE DID NOT LIMIT OUR OWN ABILITY TO ACT IF WE WERE FACED WITH THE NEED TO TAKE A LEGITIMATE SAFEGUARD ACTION. ONLY WAY THAT AUSTRALIAN AUTO ACTION COULD BE CONSIDERED VIOLATION OF PLEDGE IS IF THERE CONSENSUS THAT AUSTRALIAN ACTION IS NOT A VALID ARTICLE XIX ACTION. WE DOUBT SUCH A CONSENSUS IS POSSIBLE AND WE WOULD HAVE DIFFICULTY OURSELVES MAKING THE FORCEFUL CASE VAN LENNEP DESIRES.

4. IF VAN LENNEP SEEKS FURTHER U.S. VIEWS, MISSION SHOULD DISCOURAGE HIM FROM RAISING AUSTRALIAN AUTO ACTION AT COUNCIL IN TERMS OF PLEDGE VIOLATION. WE WOULD, HOWEVER, LIMITED OFFICIAL USE

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HAVE NO OBJECTION TO VAN LENNEP OR OTHERS RAISING SERIES OF RECENT AUSTRALIAN RESTRICTIONS IN TERMS OF REGRETTABLE MEASURES OF TYPE WHICH COULD SPARK BEGGAR-THY-NEIGHBOR ACTIONS BY OTHERS.

5. U.S. WILL BE PREPARED TO ADDRESS QUESTIONS OF SECTORAL SAFEGUARD ACTIONS AT FEBRUARY 20 MEETING OF XCSS BUREAU. AS MISSION AWARE, ISSUE OF SAFEGUARDS WILL BE A KEY PART OF

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